

ELK-DESA[®]

ELK-DESA RESOURCES BERHAD

(Company No: 180164-X)

**QUARTERLY REPORT ON CONSOLIDATED
RESULTS FOR THE PERIOD ENDED
31 MARCH 2017**

ELK-DESA RESOURCES BERHAD (Company No 180164-X)**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the financial period ended 31 March 2017

(The figures have not been audited.)

	Individual Quarter		Cumulative Quarter	
	3 months ended		12 months ended	
	31.03.2017	31.03.2016	31.03.2017	31.03.2016
	RM	RM	RM	RM
Revenue	24,850,321	17,897,707	94,488,905	64,166,930
Other income	390,268	1,004,144	2,077,082	2,832,880
Cost of inventories sold	(4,734,502)	(2,220,415)	(18,759,333)	(5,214,273)
Depreciation of property, plant and equipment	(148,501)	(129,872)	(575,929)	(449,535)
Impairment allowance	(5,450,311)	(4,191,051)	(20,164,949)	(15,570,447)
Other expenses	(6,380,221)	(4,609,319)	(25,399,869)	(16,813,875)
Finance costs	(317,885)	(543,725)	(1,099,353)	(2,624,311)
Profit before rights issue expenses and tax	8,209,169	7,207,469	30,566,554	26,327,369
Rights issue expenses	-	-	-	(1,003,820)
Profit before taxation	8,209,169	7,207,469	30,566,554	25,323,549
Taxation	(1,788,675)	(2,097,490)	(7,565,159)	(6,535,683)
Profit for the financial period	6,420,494	5,109,979	23,001,395	18,787,866
Other comprehensive income, net of tax	-	-	-	-
Total comprehensive income	6,420,494	5,109,979	23,001,395	18,787,866
Earnings per ordinary share - basic (sen)	2.79	2.91	10.66	12.86
Earnings per ordinary share - diluted (sen)	2.55	2.11	9.13	8.92

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2016)

ELK-DESA RESOURCES BERHAD (Company No 180164-X)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2017

(The figures have not been audited.)

	As at 31.03.2017 RM	As at 31.03.2016 RM
ASSETS		
Non-current assets		
Property, plant and equipment	7,155,604	6,866,328
Hire purchase receivables	243,324,545	194,318,410
Deferred tax assets	3,870,566	6,250,612
	254,350,715	207,435,350
Current assets		
Inventories	6,715,178	1,928,044
Other assets	1,261,259	1,035,707
Trade receivables	8,609,202	1,372,984
Hire purchase receivables	94,901,305	81,743,940
Other receivables, deposits and prepayments	1,829,278	1,025,348
Fixed deposits	12,164,816	74,141,943
Cash and bank balances	2,433,255	3,252,118
	127,914,293	164,500,084
Total assets	<u>382,265,008</u>	<u>371,935,434</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	243,129,886	184,800,000
Share premium	24,496,944	13,997,928
Retained earnings	57,280,090	52,604,820
ICULS - equity component	25,915,034	83,283,772
Treasury shares	(16,735,944)	(13,440,667)
Total equity	334,086,010	321,245,853
LIABILITIES		
Non-current liabilities		
Block discounting payables - secured	11,235,666	3,974,461
ICULS - liability component	4,201,689	16,183,828
Deferred tax liability	38,441	25,351
	15,475,796	20,183,640
Current liabilities		
Trade payables	14,931,949	11,599,940
Other payables and accruals	4,824,023	5,597,303
Block discounting payables - secured	10,559,933	11,533,443
Bank overdrafts	519,946	-
Current tax liabilities	1,867,351	1,775,255
	32,703,202	30,505,941
Total liabilities	<u>48,178,998</u>	<u>50,689,581</u>
TOTAL EQUITY AND LIABILITIES	<u>382,265,008</u>	<u>371,935,434</u>
Net assets per share	1.45	1.84

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2016)

ELK-DESA RESOURCES BERHAD (Company No 180164-X)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the financial period ended 31 March 2017
(The figures have not been audited.)

	Number of Issued Shares Unit	Share Capital RM	Share Premium RM	Retained Earnings RM	Treasury shares	ICULS - equity component RM	Total Equity RM
Balance as at 1 April 2015	125,000,000	125,000,000	2,820,736	48,733,527	(101,733)	83,283,772	259,736,302
Total comprehensive income		-	-	18,787,866	-	-	18,787,866
Final Dividend for financial year ended 31 March 2015		-		(9,235,522)			(9,235,522)
Interim Dividend for financial year ended 31 March 2016		-	-	(5,681,051)			(5,681,051)
Issuance of new ordinary share pursuant to Rights Issue	59,800,000	59,800,000	11,960,000	-	-	-	71,760,000
Expenses incurred in relation to the Rights Issue		-	(782,808)	-	-	-	(782,808)
Purchase of treasury shares		-	-	-	(13,338,934)	-	(13,338,934)
Balance as at 31 March 2016	184,800,000	184,800,000	13,997,928	52,604,820	(13,440,667)	83,283,772	321,245,853
Balance as at 1 April 2016	184,800,000	184,800,000	13,997,928	52,604,820	(13,440,667)	83,283,772	321,245,853
Total comprehensive income		-	-	23,001,395	-	-	23,001,395
Final Dividend for financial year ended 31 March 2016		-	-	(7,962,088)	-	-	(7,962,088)
Interim Dividend for financial year ended 31 March 2017		-	-	(7,484,719)	-	-	(7,484,719)
Conversion of ICULS	58,329,526	58,329,886	10,499,016	(2,879,318)		(57,368,738)	8,580,846
Purchase of treasury shares		-	-	-	(3,295,277)	-	(3,295,277)
Balance as at 31 March 2017	243,129,526	243,129,886	24,496,944	57,280,090	(16,735,944)	25,915,034	334,086,010

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2016)

ELK-DESA RESOURCES BERHAD (Company No 180164-X)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial period ended 31 March 2017
(The figures have not been audited.)

	12 months ended	
	31.03.2017	31.03.2016
	RM	RM
<u>Cash flows from operating activities</u>		
Profit before taxation	30,566,554	25,323,549
Adjustment for :		
Depreciation of property, plant and equipment	576,149	449,535
Loss/(Gain) on disposal of property, plant and equipment	(20,169)	-
Net impairment allowance made for the financial period	20,901,961	16,346,915
Interest expense	984,734	2,565,055
Interest income	(1,442,331)	(2,428,650)
Unrealised foreign exchange loss	-	11,997
Right issue expenses	-	1,003,820
Operation profit before working capital changes	<u>51,566,898</u>	<u>43,272,221</u>
Decrease/(Increase) in inventories	(4,787,134)	(1,928,044)
Decrease/(Increase) in other assets	(225,552)	(101,000)
Decrease/(Increase) in hire purchase receivables	(83,023,340)	(23,522,776)
Decrease/(Increase) in trade receivables	(7,278,340)	(1,280,131)
Decrease/(Increase) in other receivables, deposits and prepayments	(803,930)	(761,030)
(Decrease)/Increase in trade payables	3,332,009	(1,338,695)
(Decrease)/Increase in other payables and accruals	1,463,661	1,222,876
	(91,322,626)	(27,708,800)
Cash used generated from/(used in) operations	(39,755,728)	15,563,421
Tax paid	(7,789,669)	(5,516,362)
Net cash from/(used in) operating activities	(47,545,397)	10,047,059
<u>Cash flows from investing activities</u>		
Purchase of property, plant and equipment	(889,028)	(1,516,411)
Proceeds from disposal of property, plant and equipment	43,774	-
Interest received	1,442,331	2,428,650
Net withdrawal / (placement) of fixed deposit with licensed banks with original maturity of more than three (3) months	25,979,507	(15,345,761)
Net cash from/(used in) investing activities	26,576,584	(14,433,522)
<u>Cash flows from financing activities</u>		
Net repayment of term loans	-	(3,870,000)
Net (repayment)/drawdown of block discounting payables	6,384,180	(17,707,793)
Proceed from Rights Issue	-	71,760,000
Rights Issue expenses paid	-	(1,786,628)
Interest paid	(4,009,712)	(4,678,373)
Dividend paid	(15,446,808)	(14,916,573)
Purchase of treasury shares	(3,295,276)	(13,338,934)
Net cash from/(used in) financing activities	(16,367,616)	15,461,699

ELK-DESA RESOURCES BERHAD (Company No 180164-X)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial period ended 31 March 2017
(The figures have not been audited.)

	<u>12 months ended</u>	
	<u>31.03.2017</u>	<u>31.03.2016</u>
	RM	RM
Net increase/(decrease) in cash and cash equivalents during the financial period	(37,336,429)	11,075,236
Cash and cash equivalents as at beginning of financial year	51,414,554	40,339,318
Cash and cash equivalents as at end of financial period	<u>14,078,125</u>	<u>51,414,554</u>
<u>Composition of cash and cash equivalents</u>		
Deposits, cash and bank balances	14,598,071	77,394,061
Bank overdraft	(519,946)	-
Fixed deposit placed with licensed banks with original maturity of more than three (3) months	-	<u>(25,979,507)</u>
	<u>14,078,125</u>	<u>51,414,554</u>

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 March 2016)

ELK-DESA RESOURCES BERHAD (Company No 180164-X)

Notes to the Interim Financial Statements
for the forth quarter ended 31 March 2017

A1 Accounting Policies And Basis Of Preparation

The interim financial statements have been prepared in accordance with MFRS 134: Interim Financial Reporting and Chapter 9 Part K of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements also comply with IAS 34: Interim Financial Reporting.

The interim financial statements are unaudited and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2016, which had been prepared in accordance with Malaysian Financial Reporting Standards (MFRS).

The accounting policies adopted for the interim financial statements are consistent with those adopted for the annual audited financial statements for the financial year ended 31 March 2016 except for the adoption of new MFRSs, amendments and IC interpretations that are mandatory for the Group for the financial year beginning 1 April 2016.

On 1 April 2016, the following accounting standards, amendments and interpretations of the MFRS Framework were adopted by the Group.

Title		Effective Date
MFRS 14	<i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128	<i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to MFRS 101	<i>Disclosure Initiative</i>	1 January 2016
Amendments to MFRS 116 and MFRS 138	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to MFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Amendments to MFRS 116 and MFRS 141	<i>Agriculture: Bearer Plants</i>	1 January 2016
Amendments to MFRS 127	<i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to MFRSs	<i>Annual Improvements to 2012 - 2014 Cycle</i>	1 January 2016

Application of the above accounting standards, amendments and interpretations are not expected to have a material impact on the financial statements of the Group.

A2 Seasonal and Cyclical Factors

Generally, the Group's operations will benefit from higher consumer spendings during festive seasons in Malaysia.

A3 Unusual Items due to Their Nature, Size or Incidence

There were no unusual items that may affect the amount stated in the interim financial statements during the financial period ended 31 March 2017.

A4 Change in Estimates

There were no changes in estimates that had any material effect for the financial period ended 31 March 2017.

ELK-DESA RESOURCES BERHAD (Company No 180164-X)

Notes to the Interim Financial Statements
for the forth quarter ended 31 March 2017

A5 Issuances, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities

Save as disclosed below, there were no issuance, repurchases and repayment of debt and equity securities and share cancellations during the financial period ended 31 March 2017.

During the financial period under review, the Company had:

- 1) issued 58,329,526 new ordinary shares pursuant to conversions of 68,828,902 units of ICULS; and
- 2) acquired 2,680,000 of its issued ordinary shares for a total consideration of RM3,295,277 from the open market at an average price of RM1.23 per share. The share repurchased were held as treasury shares. As at the end of the financial period, the number of treasury shares held was 12,830,000 shares at an average cost of RM1.30 per share.

A6 Dividend Paid

On 30 September 2016, Company has paid a single-tier final dividend of 3.50 sen per share for the financial year ended 31 March 2016 amounting to RM7.96 million .

On 8 February 2017, Company has paid a single-tier interim dividend of 3.25 sen per share for the financial year ended 31 March 2017 amount to RM7.48 million.

A7 Segmental Reporting

	Hire Purchase Financing RM	Furniture RM	Elimination RM	Consolidated RM
<u>Quarter Ended 31 March 2017</u>				
Revenue (External)	17,415,006	7,435,315	-	24,850,321
Revenue (Inter-Segment)	-	3,857	(3,857)	-
Other income	383,892	28,294	(21,918)	390,268
Cost of inventories sold	-	(4,737,340)	2,838	(4,734,502)
Depreciation of property, plant and equipment	(96,764)	(51,737)	-	(148,501)
Impairment allowance	(5,459,530)	9,219	-	(5,450,311)
Other expenses	(3,930,426)	(2,449,186)	(609)	(6,380,221)
Finance costs	(288,164)	(51,639)	21,918	(317,885)
Profit/(Loss) before tax	8,024,014	186,783	(1,628)	8,209,169
<u>Quarter Ended 31 March 2016</u>				
Revenue (External)	14,584,638	3,313,069	-	17,897,707
Revenue (Inter-Segment)	-	1,792	(1,792)	-
Other income	995,486	8,658	-	1,004,144
Cost of inventories sold	-	(2,222,560)	2,145	(2,220,415)
Depreciation of property, plant and equipment	(92,351)	(37,521)	-	(129,872)
Impairment allowance	(4,191,051)	-	-	(4,191,051)
Other expenses	(3,561,734)	(1,045,817)	(1,768)	(4,609,319)
Finance costs	(513,293)	(30,432)	-	(543,725)
Profit/(Loss) before tax	7,221,695	(12,811)	(1,415)	7,207,469

ELK-DESA RESOURCES BERHAD (Company No 180164-X)

 Notes to the Interim Financial Statements
 for the forth quarter ended 31 March 2017

	Hire Purchase Financing RM	Furniture RM	Elimination RM	Consolidated RM
<u>12 months Ended 31 March 2017</u>				
Revenue (External)	65,434,897	29,054,008	-	94,488,905
Revenue (Inter-Segment)	-	7,670	(7,670)	-
Other income	2,007,777	91,223	(21,918)	2,077,082
Cost of inventories sold	-	(18,764,884)	5,551	(18,759,333)
Depreciation of property, plant and equipment	(381,253)	(194,676)	-	(575,929)
Impairment allowance	(20,122,828)	(42,121)	-	(20,164,949)
Other expenses	(15,732,289)	(9,669,960)	2,380	(25,399,869)
Finance costs	(984,879)	(136,392)	21,918	(1,099,353)
Profit/(Loss) before rights issue expenses & tax	30,221,425	344,868	261	30,566,554
Rights issue expenses	-	-	-	-
Profit/(Loss) before tax	30,221,425	344,868	261	30,566,554
Segment assets	362,911,504	19,353,504	-	382,265,008
Segment liabilities	46,012,715	2,166,283	-	48,178,998
<u>12 months Ended 31 March 2016</u>				
Revenue (External)	55,957,155	8,209,775	-	64,166,930
Revenue (Inter-Segment)	-	2,893	(2,893)	-
Other income	2,790,506	42,374	-	2,832,880
Cost of inventories sold	-	(5,216,418)	2,145	(5,214,273)
Depreciation of property, plant and equipment	(369,057)	(80,478)	-	(449,535)
Impairment allowance	(15,570,447)	-	-	(15,570,447)
Other expenses	(13,945,683)	(2,867,525)	(667)	(16,813,875)
Finance costs	(2,565,317)	(58,994)	-	(2,624,311)
Profit/(Loss) before rights issue expenses & tax	26,297,157	31,627	(1,415)	26,327,369
Rights issue expenses	(1,003,820)	-	-	(1,003,820)
Profit/(Loss) before tax	25,293,337	31,627	(1,415)	25,323,549
Segment assets	365,738,964	6,196,470	-	371,935,434
Segment liabilities	49,487,161	1,202,420	-	50,689,581

ELK-DESA RESOURCES BERHAD (Company No 180164-X)

Notes to the Interim Financial Statements
for the forth quarter ended 31 March 2017

A8 Subsequent Events

There was no material event subsequent to the current quarter.

A9 Changes in the Composition of the Group

Save as disclosed below, there were no changes in the composition of the Group, including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations during the financial period ended 31 March 2017.

ELK-Desa Marketing Sdn Bhd ("EDM")

On 15 July 2016, EDM, an indirect wholly owned subsidiary of the Company was placed under Members' Voluntary Winding-Up. EDM has been dormant since year 2015.

For details of the above, please refer to the Company's announcement on both the Company and Bursa Malaysia website.

A10 Changes in Contingent Liabilities and Contingent Assets

There were no contingent liabilities and assets for the Group as at 31 March 2017.

A11 Capital Commitments

There were no material capital commitments for the purchase of property, plant and equipment as at the end of the financial period ended 31 March 2017.

A12 Related Party Disclosures

There was no significant related party transaction during the financial period ended 31 March 2017.

B1 Review Of Performance

CURRENT QUARTER (FY2017-Q4 vs FY2016-Q4)

The Group's revenue increased by 39% from RM17.90 million to RM24.85 million, due to higher contribution from both hire purchase and furniture business.

The Group's profit before tax increased by 14% from RM7.21 million to RM8.21 million mainly due to higher profit contribution from the hire purchase business during the current quarter.

Hire Purchase Business

Revenue increased by 19% from RM14.58 million to RM17.42 million, mainly due to increase in hire purchase portfolio.

Impairment allowance increased by 30% to RM5.46 million mainly due to higher delinquent accounts and cost of debt recoveries. Despite the increase in impairment allowance, the credit loss charge (i.e. impairment allowance over average net hire purchase receivables) increased slightly from 1.46% to 1.56%. Excluding the collective impairment allowance, the credit loss charge for the quarter increased from 1.38% to 1.46%.

Other expenses increased by 10% to RM3.93 million, which is in line with the larger hire purchase portfolio.

As a result of lower borrowings and outstanding ICULS, the finance cost decreased by 44% to RM0.29 million.

Despite the increase in impairment allowance and other expenses, the profit before tax increased by 11% to RM8.02 million mainly due to larger hire purchase portfolio and lower finance costs.

Furniture Business

The furniture business commenced operations in July 2015. In line with the Group's plan to expand its furniture business, the furniture division started its wholesale and manufacturing activities in April 2016. This resulted in an increase in revenue from RM3.31 million to RM7.44 million, resulting in profit before tax of approximately RM187,000.

As the furniture division is still in its early years of development, it has not achieved its optimal operational efficiencies in order to generate a better return.

YEAR-TO-DATE (FY2017 vs FY2016)

The Group's revenue increased 47% to RM94.49 million, due to higher contribution from both hire purchase and furniture business.

The Group's profit before tax increased 21% from RM25.32 million to RM30.57 million due to the absence of the RM1.00 million of rights issue expenses and higher contribution from hire purchase business.

Hire Purchase Business

Revenue increased by 17% from RM55.96 million to RM65.43 million, mainly due to increase in hire purchase portfolio.

Impairment allowance increased by 29% to RM20.12 million mainly due to higher delinquent accounts and higher collective impairment allowance. The increase in collective impairment allowance was a result of the general increase in hire purchase receivables. Credit loss charge increased from 5.50% to 6.32%. Excluding the collective impairment allowance, the credit loss charge for FY2017 would be 5.82%, a slight increase from 5.44%.

Other expenses increased by 13% to RM15.73 million, which is in line with the larger hire purchase portfolio.

As a result of lower borrowings and outstanding ICULS, the finance cost decreased by 62% to RM0.98 million.

The profit before tax increased 19% from RM25.29 million to RM30.22 million mainly due to larger hire purchase portfolio, lower finance costs and the absence of the RM1.00 million right issues expenses incurred in the previous financial period.

Furniture Business

The furniture business commenced operations in July 2015. In line with the Group's plan to expand its furniture business, the furniture division started its wholesale and manufacturing activities. This resulted in an increase in revenue from RM8.21 million to RM29.05 million, resulting in a profit before tax of approximately RM345,000.

As the furniture division is still in its early years of development, it has not achieved its optimal operational efficiencies in order to generate a better return.

ELK-DESA RESOURCES BERHAD (Company No 180164-X)

Notes to the Interim Financial Statements
for the forth quarter ended 31 March 2017

B2 Comparison of Results with Preceding Quarter

The Group's profit before tax for the current quarter of RM8.21 million was higher as compared to RM7.61 million of the immediate preceding quarter mainly due to profit contribution from hire purchase division in the current quarter.

B3 Prospects and Outlook

Despite the cautious outlook ahead, the Group is not likely to experience any slowdown in the demand for second hand cars financing for the financial year ending 31 March 2018 as the business segment that the Group is currently operating in, is still relatively small as compared to the overall auto financing industry.

Downside credit risk remains for the Group's hire purchase segment in the current economic environment. Therefore, the Group will continue to place strong emphasis on close monitoring and efficient debt recoveries as well as follow-up mechanism, to minimise the impact.

The Group will continue to strategically operate in the underserved niche market and focus on growing the small value second hand car financing segment. The business strategy will also be constantly reviewed to ensure the Group continues to stay relevant in the industry and at the same time keeping the credit risk exposure within the tolerance level.

Like any other local retail business, the furniture business will continue to be affected by the sluggish consumers' sentiments and current soft economic environment. However, the Group will continue to grow the furniture business and focus on ensuring the operational efficiencies in the various divisions (i.e. retail, wholesale, export and manufacturing).

The Board is optimistic on the Group's future performance and will grow its hire purchase portfolio without compromising on the quality of the assets. As the furniture division is still at its early development stage, no significant profit contribution will be expected in the coming financial year.

In conclusion, the Board is confident that the Group's profit for the financial year ending 31 March 2018 is expected to be better than financial year ended 31 March 2017.

B4 Profit Forecasts

The Group did not issue any profit forecasts for the period under review.

B5 Taxation

Tax charge for the quarter and financial period ended 31 March 2017 are set out below:

	3 months ended 31.03.2017 RM	12 months ended 31.03.2017 RM
(a) Income Tax	1,733,170	7,386,097
(b) Deferred Taxation	55,505	179,062
	<u>1,788,675</u>	<u>7,565,159</u>

The effective tax rate of the Group for the financial period ended 31 March 2017 were higher than the statutory tax rate due to certain expenses which were not deductible for tax purposes.

ELK-DESA RESOURCES BERHAD (Company No 180164-X)

Notes to the Interim Financial Statements
for the forth quarter ended 31 March 2017

B6 Status of Corporate Proposals Announced

In October 2015, the Company has successfully completed the Rights Issue of 59,800,000 ordinary shares.

As at 31 March 2017, the proceeds have been fully utilised as follows:

Purpose	Proposed Utilisation	Actual Utilisation	Timeframe for Utilisation	Balance	Remarks
	RM	RM		RM	
(a) Hire purchase disbursements	49,960,000	49,973,372	Within 12 months	(13,372)	
(b) Repayment of bank borrowings	20,000,000	20,000,000	Within 12 months	-	Note 1
(c) Expenses relating to the Rights Issue	1,800,000	1,786,628	Within 3 months	13,372	
	71,760,000	71,760,000		-	

Note 1: The time frame for the utilisation of proceeds for the purpose of the repayment of bank borrowings is expected to be between 12 to 18 months instead of the earlier estimation of 12 months.

On 11 November 2016, Mercury Securities, on behalf of the Board, announced that the Company proposes to undertake the following proposals:

(i) Proposed renounceable rights issue of up to 51,589,369 new ordinary shares at an issue price of RM1.16 per rights share on the basis of one (1) rights share for every five (5) existing ordinary shares in ELK-Desa Resources Berhad held on an entitlement date to be determined later ("Proposed Rights Issue"); and

(ii) Proposed exemption under Paragraph 4.08(1)(B) of the Rules of Take-Overs, Mergers and Compulsory Acquisitions to Mr. Teoh Hock Chai @ Tew Hock Chai ("THC") and persons acting in concert with him ("PACs") from the obligation to undertake a mandatory take-over offer for all ELK-Desa shares not already held by THC and his PACs ("Proposed Exemption").

For more information and the status of the corporate exercise, please refer to the Bursa announcements.

Other than disclosed above, there are no other corporate proposals for the Group.

B7 Group Borrowings & Debt Securities

All borrowings and debt securities as at 31 March 2017 are unsecured except for the Block Discounting Payables. The Group does not have any borrowings or debt securities that are denominated in foreign currency.

		As at 31.03.2017	As at 31.03.2016
		RM	RM
Borrowings			
Block Discounting Payables	- within 1 year	10,559,933	11,533,443
	- later than 1 year	11,235,666	3,974,461
		21,795,599	15,507,904
Bank Overdraft	- within 1 year	519,946	-
Total Borrowings		<u>22,315,545</u>	<u>15,507,904</u>
Debt Securities			
ICULS - liability component	- later than 1 year	<u>4,201,689</u>	<u>16,183,828</u>

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for the forth quarter ended 31 March 2017

B8 Changes in Material Litigation

There was no material litigation against the Group as at the reporting date.

B9 Dividend

The Board of Directors recommends a single tier final dividend of 3.50 sen per share (FY2016 : 3.50 sen) in respect of the financial year ended 31 March 2017. The proposed final dividend is subject to shareholders' approval at the forthcoming annual general meeting. The date of dividend entitlement and payment will be determined at a later date.

In addition to the first single tier interim dividend of 3.25 sen per share (FY2016 : 3.25 sen) which was paid on 8 February 2017, the total dividend for the financial year ended 31 March 2017 would be 6.75 sen per share (FY2016 : 6.75 sen).

The dividend payout for the financial year ended 31 March 2017 will be higher than the dividend policy of 60% set by the Board.

B10 Earnings Per Share

Basic earnings per share is calculated by dividing the Group's net profit by the weighted average number of ordinary shares in issue during the financial year.

	Quarter ended 31.03.2017	Quarter ended 31.03.2016	Year to date ended 31.03.2017	Year to date ended 31.03.2016
Profit after taxation (RM)	6,420,494	5,109,979	23,001,395	18,787,866
Weighted average number of ordinary shares (units)	230,298,437	175,474,458	215,675,117	146,151,942
Basic earnings per ordinary share (sen)	2.79	2.91	10.66	12.86

Diluted earnings per share is calculated by dividing the Group's net profit by the weighted average number of ordinary shares in issue after adjustment for the effects of all dilutive potential ordinary shares.

	Quarter ended 31.03.2017	Quarter ended 31.03.2016	Year to date ended 31.03.2017	Year to date ended 31.03.2016
Profit after taxation (RM)	6,420,494	5,109,979	23,001,395	18,787,866
Interest expense on ICULS, net of tax (RM)	118,807	385,322	487,482	1,598,725
Adjusted profit after tax (RM)	6,539,301	5,495,301	23,488,877	20,386,591
Weighted average number of ordinary shares (units)	230,298,437	175,474,458	215,675,117	146,151,942
Adjustment for potential dilutive shares (units)	26,417,326	84,745,762	41,592,143	82,411,780
Adjusted weighted average number of ordinary shares (units)	256,715,763	260,220,220	257,267,260	228,563,722
Diluted earnings per ordinary share (sen)	2.55	2.11	9.13	8.92

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B11 Audit Report For The Preceding Annual Financial Statements

The audited financial statements of the Group for the preceding financial year ended 31 March 2016 was not qualified.

B12 Notes to the Statement of Comprehensive Income

	3 months ended 31.03.17 RM	12 months ended 31.03.17 RM
Profit before taxation is arrived at after charging:		
Interest expense	288,163	984,734
Inventories written down	-	-
Reversal of inventories previously written down	-	-
Gain or loss on disposal of quoted or unquoted investments or properties	-	-
Impairment of assets	-	-
Realised foreign exchange (gain) or loss	(4,339)	(4,124)
Unrealised foreign exchange (gain) or loss	-	-
Gain or loss on derivatives	-	-
Exceptional items	-	-
And crediting:		
Interest income	180,926	1,442,331

B13 Retained Earnings

The following analysis of realised and unrealised retained earnings is prepared in accordance with the guidance issued by the Malaysian Institute of Accountants in the prescribed format by Bursa Malaysia Securities Berhad.

	As at 31.03.2017 RM	As at 31.03.2016 RM
Total retained earnings of the Company and its subsidiaries		
- Realised	89,368,310	85,187,869
- Unrealised	<u>2,823,720</u>	<u>2,329,145</u>
	92,192,030	87,517,014
Less: Consolidation adjustments	<u>(34,911,940)</u>	<u>(34,912,194)</u>
Total retained earnings as per consolidation accounts	<u><u>57,280,090</u></u>	<u><u>52,604,820</u></u>